

## Message Text

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TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 297470 TOSEC 320018

EXDIS

FOLLOWING REPEAT PARIS 36156 ACTION SECSTATE INFO

BONN LONDON ROME EC BRUSSELS NATO TOKYO BRUSSELS DTD 07 DEC

QTE

S E C R E T PARIS 36156

EXDIS/DEPARTMENT PASS S/CL. BRUSSELS FOR SECRETARY'S PARTY

E.O. 11652: XGDS-1

TAGS: PFOR, FR, EC, US, XG, ECON

SUBJ: GISCARD'S PROPOSAL FOR ECONOMIC SUMMIT

REF: A) PARIS 35728. B) BONN 20504.

1. ELYSEE INTERNATIONAL STAFFER CLOSE TO GISCARD TELLS US ON STRICTLY INFORMAL, CONFIDENTIAL BASIS, THAT GISCARD'S PROPOSAL FOR A SUMMIT OF THE CHIEF INDUSTRIAL POWERS FLOATED THIS WEEK AT PISA MEETING WITH ANDREOTTI IS NOT MOTIVATED IN FIRST INSTANCE BY NORTH-SOUTH DIALOGUE, BUT BY PRESIDENT'S INCREASINGLY PROFOUND, PERSONAL CONCERN OVER STATE AND PROSPECTS OF FRENCH ECONOMY.

2. MOREOVER, GISCARD IS ALMOST EQUALLY CONCERNED OVER

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DEVELOPING DIVISION AMONG THE INDUSTRIALIZED STATES

INTO THOSE DOING WELL, LIKE FRG, JAPAN, AND THE US, AND THOSE NOT, LIKE ITALY, UK, AND FRANCE. THIS IS SO FUNDAMENTAL A PROBLEM IN FRENCH VIEW, BOTH FROM POINT OF VIEW SELF-PRESERVATION AND WORLD STRUCTURAL PERSPECTIVE, THAT IT NOW HAS INCREASINGLY CLEAR PRECEDENCE IN GISCARD'S MIND OVER THIRD WORLD ISSUES, INCLUDING PERHAPS EVEN NORTH-SOUTH CONFERENCE, SINCE INDUSTRIALIZED COUNTRIES CANNOT HELP THIRD WORLD IF THEY ARE IN PERMANENT STATE OF CRISIS.

3. GISCARD DOES NOT CONSIDER THAT PUERTO RICO OR RAMBOUILLET HAVE PRODUCED FAR-REACHING CONCRETE RESULTS. THEY HAVE, HOWEVER, IMPORTANTLY SENSITIZED THE MAJOR INDUSTRIAL POWERS TO A GREATER DEGREE THAN IN PAST TO THEIR PROFOUND INTERDEPENDENCE. GISCARD THEREFORE CONCLUDED SOME TIME AGO THAT A THIRD SUCH SUMMIT MEETING MUST BE ORGANIZED FOR EARLY NEXT YEAR, AT WHICH CERTAIN GENERAL NEW UNDERSTANDINGS NEED BE REACHED.

4. GISCARD'S FIRST PREOCCUPATION, AND CONSEQUENTLY IN HIS VIEW, THE FIRST AND MAJOR TASK OF SUCH A CONFERENCE, WOULD BE TO TRY TO ACHIEVE AGREEMENT IN PRINCIPLE ON THE HARMONIZATION OF THE MAJOR INDUSTRIAL ECONOMIES. ELYSEE SOURCE SAID THIS MEANT, IN FIRST INSTANCE, FRG AGREEMENT TO REFLATE THE GERMAN ECONOMY TO HELP FRENCH, UK, AND ITALIAN EXPORTS, WHICH ARE NOW STYMIED, SO AS TO AVERT SPIRAL TOWARD MAJOR NEW RECESSION, PARTICULARLY IN VIEW PROSPECTS FOR ENERGY COSTS. GISCARD DISCUSSED THIS CAREFULLY WITH SCHMIDT AT THE HAGUE. SCHMIDT REMAINS RESERVED BECAUSE HE CONTINUES TO SEE MAIN GERMAN PROBLEM AS INFLATION. EVEN SO, WE ARE TOLD, SCHMIDT AGREED TO IDEA OF CONFERENCE AS SUCH, AN ASSERTION WHICH ELYSEE SUPPORTED WITH REFERENCE TO FRG SPOKESMAN'S STATEMENT THAT FRG ATTITUDE TOWARD GISCARD'S PROPOSED CONFERENCE WAS "THOROUGHLY POSITIVE," AS ALSO REPORTED BONN'S REFTEL. GISCARD PERSONALLY HOPED THAT IF HE CAN BRING SCHMIDT, IN PARTICULAR, TO FACE UP FULLY TO IMPLICATIONS FOR WORLD ECONOMY AND EUROPEAN SITUATIONS OF CONTINUATION HIS PRESENT RESTRICTIVE ECONOMIC

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POLICY, A GOOD PART OF OVERALL BATTLE WILL HAVE BEEN WON.

5. OTHER MAJOR PROBLEM, OF COURSE, INVOLVES JAPANESE, WHO, WITH HIGHER INFLATION RATE THAN FRG HAVE MORE REASON TO BE DEFENSIVE. AS FOR US, OUR SOURCE THOUGHT THAT GISCARD CONSIDERED PRESIDENT-ELECT CARTER'S APPARENT INTEREST IN STIMULATING AMERICAN DOMESTIC

ECONOMY AS BIG POSITIVE FACTOR FOR PROBLEM OF  
IMBALANCES AMONG MAJOR INDUSTRIAL NATIONS TO WHICH  
THEY MUST URGENTLY ADDRESS THEMSELVES.

6. INTERESTINGLY, ELYSEE SOURCE TELLS US THAT, AS  
CRISIS SITUATIONS GO, GISCARD PERSONALLY IS  
RELATIVELY SPEAKING OPTIMISTIC ABOUT UK PROSPECTS,  
SINCE ENERGETIC DOMESTIC MEASURES AND INCREASED  
PETROLEUM INCOME MIGHT EVEN BALANCE PAYMENTS IN COMING  
YEARS. CALLAGHAN-GISCARD CONVERSATIONS AT RAMBOUILLET  
APPARENTLY REACHED GENERAL CONCLUSION THAT NEITHER  
STERLING BALANCES NOR EXCHANGE RATES, EVEN THOUGH  
MAJOR PROBLEM, WERE REALLY AT HEART OF MATTER, BUT  
RATHER WORLD CONFIDENCE IN UK AND IN OTHER INDUSTRIAL  
ECONOMIES WHICH ARE CURRENTLY IN TROUBLE.

7. AT PISA MEETING WITH ANDREOTTI JUST CONCLUDED  
(REFTEL A), GISCARD WENT OVER SAME GROUND IN DETAIL  
WITH ITALIANS. HAVING GAINED FRG, UK, AND THE  
ITALIAN NIHIL OBSTAT TO HIS CONFERENCE IDEA, HE WENT  
AHEAD AND MADE ANNOUNCEMENT. ELYSEE CURRENTLY  
ENVISAGES SUMMIT MEETING MEMBERSHIP ALONG LINES OF  
PUERTO RICO, INCLUDING ITALIANS, CANADIANS, AND  
JAPANESE. PERHAPS BECAUSE JAPANESE MAY PROVE THE MOST  
SKITTISH, OUR SOURCE HINTED THAT GISCARD MIGHT NOT  
BE AVERSE TO HOLDING MEETING AT TOKYO AS SMALL CARROT.

8. ON OTHER HAND, GISCARD WAS VERY ANXIOUS NOT TO  
PRESS MATTERS TO EXTENT OF INCONVENIENCING  
PRESIDENT-ELECT CARTER. GISCARD, THEREFORE, THINKS  
SUMMIT MIGHT FOLLOW SOME WEEKS AFTER NEXT EUROPEAN  
COUNCIL IN ROME IN MARCH 1977, WHICH WILL MARK 20TH  
ANNIVERSARY OF TREATY OF ROME; TO WHIT, PERHAPS, IN  
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APRIL OR MAY.

9. SOURCE REPEATEDLY EMPHASIZED HIGHLY INFORMAL  
NATURE HIS REMARKS, BUT, NEVERTHELESS, EXPRESSED HOPE  
THEY MIGHT IN THAT SPIRIT BE PASSED TO PRESIDENT-ELECT  
CARTER'S STAFF IN DEPARTMENT FOR THEIR INFORMATION.  
RUSH UNQTE ROBINSON

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